Land distribution in Germany

- Arable and permanent crops: 34%
- Grassland: 13%
- Others: 22%
- Forests: 31%

The number of people employed in German agriculture continues to decline, despite an increase in agricultural products. More expensive agricultural land is one of the reasons.

According to Germany's Federal Office of Statistics, agricultural land prices rose by nearly €1,500 or 8.2% to €19,578 per hectare in 2015, when compared to the previous year.

In 2013, 285,000 farming operations cultivated land totalling 16.7 million hectares in Germany. The number of farmers declined by about 5% when compared with 2010. However, the amount of land being used for agriculture remained constant. Average farm size increased from 56 to 59 hectares in the same period.
But what are the factors contributing to rise in price of agricultural land?

- Urbanisation, transport and conservation efforts, which are causing increasing demand
- Unequal state funding of soil quality and other structures
- Increased interest of smaller enterprises through land acquisition
- Non-agricultural investors buy more land previously used for agriculture

Price changes are even more noticeable in the newer Bundesländer, partly because land price is already relatively low compared with the rest of Germany. The state-owned agency responsible for privatising state-owned farms, Bodenverwertungs- und verwaltungs GmbH (BVVG), has also sold off East German land well above the average price.

Price development of the newer Bundesländer between 2007 and 2015

- Mecklenburg-Vorpommern land price quadrupled
- Saxony-Anhalt land price trebled
- Brandenburg land price quadrupled
- Saxony land price doubled
- Thuringia land price doubled

Higher land prices have led to structural changes in German agriculture. So what is the impact of rising land prices?

- Enterprises find it more difficult to expand
- Increased pressure to adapt to agricultural land use
- Less productive farms and organic producers are pressured into selling their business
- Higher land prices offer higher investment security, upping interest from large enterprises

Sources: BMEL, DIW, Federal Office of Statistics, Thünen-Institute